



October 31, 2013

Ms. Ethline Mais, Owner
Coral Ridge Training School
2121 West Oakland Park Boulevard
Fort Lauderdale, FL 33311-1507

UPS Tracking
#1ZA5467Y0194162938

RE: **Final Program Review Report**
OPE ID: 03178400
PRCN: 2012-3-04-28036

Dear Ms. Mais:

The U.S. Department of Education's (Department's) School Participation Division - Atlanta issued a program review report on January 14, 2013 covering Coral Ridge Training School's (Coral Ridge's) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2010-2011 and 2011-2012 award years. Enclosed is a copy of the program review report and related attachments. Coral Ridge failed to respond to the program review report. The Department has made final determinations based on information obtained during the program review. This Final Program Review Determination (FPRD) and related attachments may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Purpose:

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of this program review report, (2) provide instructions for payment of liabilities to the Department, (3) notify the institution of its right to appeal, and (4) close the review.

Due to the serious nature of one or more of the enclosed findings, in the normal course, this FPRD would have been referred to the Department's Administrative Actions and Appeals Service Group (AAASG) for its consideration of possible adverse action. Since Coral Ridge is no longer participating in the Title IV programs, this FPRD will not be referred at this time; however, should Coral Ridge apply for reinstatement in the future, in addition to meeting all

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other requirements, this matter will need to be addressed. Please note that the appeal instructions contained herein apply only to the appeal of the financial liabilities established in this final program review determination.

This FPRD contains one or more findings regarding Coral Ridge's failure to comply with the requirements of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (the Clery Act) in Section 485(f) of the HEA, 20 U.S.C. § 1092(f), and the Department's regulations in 34 C.F.R. §§ 668.41 and 668.46. Since a Clery Act finding does not result in a financial liability, such a finding may not be appealed.

The total liabilities due from the institution from this program review are \$315,721.

This FPRD contains detailed information about the liability determination for all findings.

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample. In addition, Appendices A and C also contain PII.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the January 14, 2013 program review report. If Coral Ridge wishes to appeal to the Secretary for a review of financial liabilities established by the FPRD, the institution must file a written request for an administrative hearing. Please note that institutions may appeal financial liabilities only. The Department must receive the request no later than 45 days from the date Coral Ridge receives this FPRD. An original and four copies of the information Coral Ridge submits must be attached to the request. The request for an appeal must be sent to:

Ms. Mary E. Gust, Director
Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP3, Room 84F2
Washington, DC 20002-8019

Coral Ridge's appeal request must:

- (1) indicate the findings, issues and facts being disputed;
- (2) state the institution's position, together with pertinent facts and reasons supporting its position;
- (3) include all documentation it believes the Department should consider in support of the appeal. An institution may provide detailed liability information from a complete file review to appeal a projected liability amount. Any documents relative to the appeal that include PII data must be redacted except the student's name and last four digits of his / her social security number (please see the attached document, "Protection of Personally Identifiable Information," for instructions on how to mail "hard copy" records containing PII); and
- (4) include a copy of the FPRD. The program review control number (PRCN) must also accompany the request for review.

If the appeal request is complete and timely, the Department will schedule an administrative hearing in accordance with § 487(b)(2) of the HEA, 20 U.S.C. § 1094(b)(2). The procedures followed with respect to Coral Ridge's appeal will be those provided in 34 C.F.R. Part 668, Subpart H. **Interest on the appealed liabilities shall continue to accrue at the applicable value of funds rate, as established by the United States Department of Treasury, or if the liabilities are for refunds, at the interest rate set forth in the loan promissory note(s).**

Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. §§ 668.24(e)(1), (e)(2), and (e)(3).

If the institution has any questions regarding this letter, please contact Mr. Brian Huckaby at 404-974-9420. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,

(b)(6); (b)(7)(C)

Charles L. Engstrom, *Director*

Enclosure: Final Program Review Determination
Protection of Personally Identifiable Information

PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION

Personally Identifiable Information (PII) being submitted to the Department must be protected. PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth).

PII being submitted electronically or on media (e.g., CD-ROM, floppy disk, DVD) must be encrypted. The data must be submitted in a .zip file encrypted with Advanced Encryption Standard (AES) encryption (256-bit is preferred). The Department uses WinZip. However, files created with other encryption software are also acceptable, provided that they are compatible with WinZip (Version 9.0) and are encrypted with AES encryption. Zipped files using WinZip must be saved as Legacy compression (Zip 2.0 compatible).

The Department must receive an access password to view the encrypted information. The password must be e-mailed separately from the encrypted data. The password must be 12 characters in length and use three of the following: upper case letter, lower case letter, number, special character. A manifest must be included with the e-mail that lists the types of files being sent (a copy of the manifest must be retained by the sender).

Hard copy files and media containing PII must be:

- sent via a shipping method that can be tracked with signature required upon delivery
- double packaged in packaging that is approved by the shipping agent (FedEx, DHL, UPS, USPS)
- labeled with both the "To" and "From" addresses on both the inner and outer packages
- identified by a manifest included in the inner package that lists the types of files in the shipment (a copy of the manifest must be retained by the sender).

PII data cannot be sent via fax.



Prepared for
Coral Ridge Training School

OPE ID: 03178400
PRCN: 2012-3-04-28036

Prepared by Brian Huckaby
U.S. Department of Education
Federal Student Aid
School Participation Division - Atlanta

Final Program Review Determination

October 31, 2013

Federal Student

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A. Institutional Information

Coral Ridge Training School
2121 West Oakland Park Boulevard
Fort Lauderdale, FL 33311-15071

Type: Proprietary

Highest Level of Offering: Non-Degree 1 year

Accrediting Agency: Council on Occupational Education

Current Student Enrollment: 13 students

% of Students Receiving Title IV: 95% (2011-2012)

Title IV Participation:	Award Year
	2010-2011

Federal Pell Grant Program	\$205,325
Federal Direct Loan Program	\$208,059

Default Rate FFEL/DL:	2007	0%
	2008	0%
	2009	0%
	2010	0%

Note: On June 6, 2013, the Department notified Coral Ridge that it was no longer eligible to participate in the Title IV, HEA programs because it had ceased to provide instruction on or about May 1, 2013. In a letter dated June 13, 2013, Coral Ridge requested that the decision be reconsidered. In a letter dated June 19, 2013, the Department affirmed the decision that Coral Ridge was no longer eligible to participate in the Title IV, HEA programs as of May 1, 2013.

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Coral Ridge Training School (Coral Ridge) from April 9, 2012 through April 13, 2012. The review was conducted by Brian Huckaby and Pamela Clemmer.

The focus of the review was student eligibility to receive Title IV funds. The review consisted of an examination of Coral Ridge's financial aid files and attendance records.

A sample of 30 files was identified for review from the 2010-2011 and 2011-2012 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Coral Ridge's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve Coral Ridge of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

C. Findings and Final Determinations

Closed Findings

As indicated under Finding #1 (Lack of Administrative Capability) below, Coral Ridge did not provide a response to the program review report. The following list of findings are considered closed given there are no monetary liabilities associated with the specific finding. If Coral Ridge should reapply to participate in the Title IV, HEA programs it would need to address the required actions for these findings.

- 2 - Student Personal Identification Numbers in Files
- 6 - Invalid High School Diploma in Student Files
- 7 - Unable to Determine Enrollment Status, Graduation, and Withdrawal Dates
- 13 - Return to Title IV Calculations Not Completed
- 14 - Incorrect Refund Calculations
- 15 - No Award Letters
- 16 - No Loan Disclosures Given to Students
- 17 - Entrance and Exit Counseling Not Conducted/Documented
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- 19 - Discrepancies in Externship Records
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- 21 - Failure to Disburse Title IV Funds in Two Payment Periods
- 22 - Disbursement Dates in the Common Origination and Disbursement (COD) System Do not Match the Student Account Ledgers
- 24 - Inaccurate Student Account Ledger
- 25 - Pell Under Award
- 26 - Inadequate Internal Controls and Separation of Duties

- 28 - All Title IV Aid Not Included in Needs Analysis
- 30 - Incomplete Return to Title IV Policy
- 31 - No Written Verification Policy
- 32 - No Working Web Site or Computer System

Findings with Final Determinations

The program review report findings requiring further action are summarized below. At the conclusion of each finding is a summary of Coral Ridge's response¹ to the finding, and the Department's final determination for that finding. A copy of the program review report issued on January 13, 2013 is attached as Appendix B.

Finding 1: Lack of Administrative Capability

Citation Summary:

34 C.F.R. § 668.16 states that to begin and continue to participate in any Title IV program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program. The Secretary considers, among other criteria, an institution to have administrative capability if the institution—

- *Administers the Title IV, HEA programs in accordance with all statutory provisions of or applicable to Title IV of the HEA, all applicable regulatory provisions prescribed under that statutory authority, and all applicable special arrangements, agreements, and limitations entered into under the authority of statutes applicable to Title IV of the HEA;*
- *Designates a capable individual to be responsible for administering all the Title IV, HEA programs in which it participates and for coordinating those programs with the institution's other Federal and non-Federal programs of student financial assistance;*
- *Administers Title IV, HEA programs with adequate checks and balances in its system of internal controls;*
- *Establishes and maintains records required under this part and the individual Title IV, HEA program regulations;*
- *For purposes of determining student eligibility for assistance under a Title IV, HEA program, establishes, publishes, and applies reasonable standards for measuring whether an otherwise eligible student is maintaining satisfactory academic progress in his or her educational program;*
- *Develops and applies an adequate system to identify and resolve discrepancies in the information that the institution receives from different*

¹ Please note that Coral Ridge did not respond to the program review report as stated in the FPRD cover letter.

sources with respect to a student's application for financial aid under the Title IV, HEA programs;

- *Refers to the Office of Inspector General of the Department of Education for investigation fraud or other misconduct;*
- *Provides adequate financial aid counseling to eligible students who apply for financial Title IV, HEA program assistance;*
- *Has provided all program and fiscal reports and financial statements required for compliance with the provisions of this part and the individual program regulations in a timely manner;*
- *Shows no evidence of significant problems that affect, as determined by the Secretary, the institution's ability to administer a Title IV, HEA program;*
- *Is not, and does not have any principal or affiliate of the institution that is debarred or suspended under Executive Order 12549 or engaging in any activity that is a cause for debarment or suspension.*
- *Participates in the electronic processes that the Secretary provides; and*
- *Develops and follows procedures to evaluate the validity of a student's high school completion if the institution or the Secretary has reason to believe that the high school diploma is not valid or was not obtained from an entity that provides secondary school education.*

Noncompliance Summary:

The institution failed to administer the Title IV programs in accordance with the statutory provisions and the agreement under the institution's PPA. The institution has numerous significant findings from this review including the following:

- *The reviewers were unable to discern if the school had a financial aid director. The school appeared to have no organization as far as administering a financial aid office. The supposed financial aid director, Lisa Thompson, was not found by the reviewers and has not notified the Department as requested. The owner was processing financial aid during the review. There is inadequate internal controls and no separation of duties.*
- *Records were not maintained and policies are either missing or incomplete.*
- *There are no records in the majority of the student files to determine if the school checked satisfactory academic progress.*
- *Conflicting documentation and incomplete verification errors are numerous.*

- *Adequate financial aid counseling was not provided to the students. Several students were unaware of their loan obligations and copies of promissory notes were not given to the students.*
- *The school had no procedures to evaluate the validity of a student's high school completion and has several invalid diplomas and conflicting data as to whether or not the student has a high school diploma or GED.*
- *Personal Identification Numbers (PIN) are in the files of most of the students.*
- *Institutional Student Information Reports (ISIRs) are missing for numerous students.*
- *Student account ledgers are missing or unavailable for numerous students.*
- *There is no system to determine if a student is enrolled, graduated, or withdrawn except from a list written by the owner.*
- *Attendance records are missing or contain discrepancies, and externship records are not certified by a supervisor.*
- *No award letters are in the files.*
- *Externship with Northwest Medical is questionable as the hospital denies externships have taken place.*
- *Title IV funds are disbursed incorrectly.*
- *Returns to Title IV have not been made.*
- *Disbursement dates reported to the Department's Common Origination and Disbursement system (COD) are incorrect.*
- *Students are not notified of loan disbursements.*
- *No working WEB site or computer system.*

Overall, Coral Ridge lacks administrative capability and shows evidence of significant problems that affect the school's ability to administer the Title IV, HEA programs. As a result, the institution was placed on the heightened cash monitoring 2 method of payment which requires the institution to submit records to the SPD-Atlanta for approval of funds.

Required Action Summary:

The institution was required to resolve all the findings in this program review report and demonstrate that it is capable of administering the Title IV, HEA programs. Coral Ridge also had to submit a plan on how it would improve its administrative capability by staffing a proper Financial Aid Office, hiring a qualified director of financial aid, provide for proper separation of duties and address the findings in the remainder of the report.

Coral Ridge's Response:

Coral Ridge did not respond to the program review report. On numerous occasions starting in late April 2013, Mr. Charles Engstrom, Division Director, reminded the institution of its obligations to respond to the program review report to include providing draft independent public auditor (IPA) attestation procedures for approval. Institution personnel also had numerous conversations with Mr. Brian Huckaby, Payment Analyst, where Mr. Huckaby also reminded the institution of its obligations to respond to the program review report.

The only response was an undated letter requesting an extension until June 5, 2013 to respond to the program review report. That extension was denied in a letter dated May 10, 2013 that demanded that the independent public auditor attestation procedures be provided prior to consideration of any extension. The attestation procedures were required to demonstrate Coral Ridge was making progress on responding to the program review report and not simply delaying the process by requesting an extension with no inclination to provide a proper response.

No response has been received to date from Coral Ridge in relation to neither the program review report nor the IPA testing procedures. The May 10, 2013 letter advised that failure to provide the procedures would result in a final determination letter in which liabilities would be established for all Title IV funds received by Coral Ridge for the award years covered by the file review requirements.

Final Determination:

As indicated previously, Coral Ridge ceased providing educational instruction on or about May 1, 2013 and is no longer eligible to participate in the Title IV, HEA Programs. Therefore, this finding is closed.

Finding 3: Missing Institutional Student Information Reports (ISIRS)

Citation Summary:

34 C.F.R. § 690.61, Federal Pell Grant Program, states that an institution must disburse a Federal Pell Grant to an eligible student who is otherwise qualified to receive that disbursement and electronically transmit Federal Pell Grant disbursement data to the Secretary for that student if—

- The student submits a valid SAR to the institution; or*
- The institution obtains a valid ISIR for the student.*

Noncompliance Summary:

The ISIRs were missing for 14 of the 30 students reviewed. For the 2010-2011 award year, ISIRs are missing for students 2, 3, 5, 7, 11, 13 and 17. For the 2011-2012 award year, the ISIRs are missing for students 16, 18, 19, 22, 26, 28 and 30.

Required Action Summary:

The institution was required to provide the ISIRs on which the students were paid Title IV funds for the applicable award year.

Due to the error rate of 46%, the institution had to conduct a file review of all 2010-2011 and 2011-2012 students to determine if valid ISIRs are available. Coral Ridge had to submit a copy of its revised policies and procedures which address how it will obtain and retain ISIRs.

The institution also had to engage an Independent Public Accountant (IPA) to test the review completed by the institution. The IPA had to develop a set of procedures designed for testing the accuracy and completeness of the accounting. The suggested procedures had to be provided to Brian Huckaby within 30 days of the institution's receipt of the Program Review Report for Mr. Huckaby's approval.

Coral Ridge's Response:

As indicated in finding #1, Coral Ridge did not respond to the program review report.

Final Determination:

As indicated previously, Coral Ridge ceased providing educational instruction on or about May 1, 2013 and is no longer eligible to participate in the Title IV, HEA Programs.

Therefore, Coral Ridge is required to repay all Title IV funds received for the sampled students listed above for which it was missing ISIRs. Coral Ridge is also responsible for returning all Title IV funds disbursed during the 2010-2011 and 2011-2012 award years for which it failed to provide a proper accounting through submission of the required file review.

Here is a summary of the funding received by Coral Ridge (See Appendix C for a complete listing of the funds by student):

	2011	2012	Total
Federal Pell Grant	\$ 205,325	\$ 91,958	\$ 297,283
Federal Direct Subsidized Loans	\$ 77,500	\$ 75,608	\$ 153,108
Federal Direct Unsubsidized Loans	\$ 130,559	\$ 128,892	\$ 259,451
Total	\$ 413,384	\$ 296,458	\$ 709,842

The total liability due back for Federal Pell Grants is \$297,283 plus the cost of funds of \$5,790 (See Appendix D) or \$303,073.

The total amount of Federal Direct Loans that Coral Ridge improperly disbursed during the 2011 and 2012 award years for all findings is \$412,559. In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan from the holder, the Department has asserted a liability not for the loan amount, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on the most recent sector cohort default rate available. The estimated actual loss that Coral Ridge must pay to the Department for the ineligible loans is \$12,648. A copy of the results of that calculation is included as Appendix E.

Finding 4: Missing Student Account Ledgers

Citation Summary:

34 C.F.R. § 668.24, Student Assistance General Provisions, states that the institution must keep accurate program and fiscal records relating to Title IV funds.

Noncompliance Summary:

Student account ledgers were unavailable for 22 of the 30 files reviewed. The reviewers were unable to determine the charges, financial aid posted to the student's account, and whether or not credit balances existed, and/or whether or not refunds were posted. The

students without student account ledgers are students 2, 3, 4, 7, 9, 11, 12, 13, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 29 and 30.

Required Action Summary:

The institution had to provide the missing student account ledgers (Student Ledger Card) for each student listed above which show charges, financial aid received, credit balances and any refunds posted to the account.

In addition, Coral Ridge had to submit a copy of its revised policies and procedures which address how it will develop, produce and retain student account ledgers that properly account for Title IV HEA Program funds.

The institution also had to engage an Independent Public Accountant (IPA) to test the accuracy of its response. The IPA had to develop a set of procedures designed for testing the accuracy and completeness of the accounting. The suggested procedures had to be provided to Brian Huckaby within 30 days of the institution's receipt of the Program Review Report for Mr. Huckaby's approval.

Coral Ridge's Response:

As indicated in finding #1, Coral Ridge did not respond to the program review report.

Final Determination:

As indicated previously, Coral Ridge ceased providing educational instruction on or about May 1, 2013 and is no longer eligible to participate in the Title IV, HEA Programs. Therefore, Coral Ridge is required to repay all Title IV funds received for the sampled students listed above for which it was missing account ledgers. Coral Ridge is also responsible for returning all Title IV funds disbursed during the 2010-2011 and 2011-2012 award years for which it failed to provide a proper accounting through submission of the required file review.

Here is a summary of the funding received by Coral Ridge (See Appendix C for a complete listing of the funds by student):

	2011	2012	Total
Federal Pell Grant	\$ 205,325	\$ 91,958	\$ 297,283
Federal Direct Subsidized Loans	\$ 77,500	\$ 75,608	\$ 153,108
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The total amount of Federal Direct Loans that Coral Ridge improperly disbursed during the 2011 and 2012 award years for all findings is \$412,559. In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan from the holder, the Department has asserted a liability not for the loan amount, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on the most recent sector cohort default rate available. The estimated actual loss that Coral Ridge must pay to the Department for the ineligible loans is \$12,648. A copy of the results of that calculation is included as Appendix E.

Finding 5: No High School Diploma or Graduate Equivalent Diploma (GED)

Citation Summary:

34 C.F.R. § 668.32, Student Assistance General Provisions, states that, among other criteria, for a student to be eligible for Title IV, HEA program funds, a student must have a high school diploma or its recognized equivalent; has obtained a passing score specified by the Secretary on an independently administered test in accordance with subpart J of this part; is enrolled in an eligible institution that participates in a State process approved by the Secretary under subpart J of this part; was home-schooled, and either—obtained a secondary school completion credential for home school (other than a high school diploma or its recognized equivalent) provided for under State law; or if State law does not require a home-schooled student to obtain the credential described has completed a school setting that qualifies as an exemption from compulsory attendance requirements under State law; or has been determined by the institution to have the ability to benefit from the education or training offered by the institution based on the satisfactory completion of 6 semester hours, 6 trimester hours, 6 quarter hours, or 225 clock hours that are applicable toward a degree or certification offered by the institution.

Noncompliance Summary:

The institution's policy on page 13 of its Coral Ridge School Catalog states applicants for admission must submit a high school diploma or its equivalence. A copy should be in each student's file. The institution does not offer the ATB test.

Students 5, 7 and 13 have no ISIRs and no copies of a high school diploma, GED, or ATB test in their files. There is no indication in the file that the student's had a high school diploma or GED.

Students 2, 4, 6, 9, 11, 17, 27 and 29 indicate that they have high school diploma or GED on the ISIRs, but no copies of the high school diplomas or GEDs are in the files.

Student 12 marked "none of the above" on his ISIR, but has a certificate from a foreign school in a foreign language.

Students 14 marked "none of the above" on her ISIR and there is no copy of a high school diploma or GED in the file. However, the student listed a high school graduation on their personal information form.

Students 19 and 28 have no ISIRs and no copies of high school diplomas, but indicated a high school graduation on their personal information forms.

Student 22 has no ISIR, but indicates a Northeast High School on his enrollment agreement. However, he has a Southeastern High School diploma in the file, which is considered by the Department as invalid.

Student 30 has no ISIR and there is no copy of a high school diploma or GED in the file. However, she indicates a high school diploma on her enrollment agreement.

Required Action Summary:

The institution had to resolve each of the discrepancies listed above relating to whether or not the student has a high school diploma or GED. Copies of the documents for each student were to be submitted in response to the report.

Due to the error rate of 56% the institution had to conduct a file review of all 2010-2011 and 2011-2012 student files to determine if other students lacked copies of their high school diploma or GED and whether there were discrepancies in their high school diplomas or GEDs.

Coral Ridge's Response:

As indicated in finding #1, Coral Ridge did not respond to the program review report.

Final Determination:

As indicated previously, Coral Ridge ceased providing educational instruction on or about May 1, 2013 and is no longer eligible to participate in the Title IV, HEA Programs.

Therefore, Coral Ridge is required to repay all Title IV funds received during the 2010-2011 and 2011-2012 award years given it failed to perform the required file review. Included in the amounts below are the individual Title IV disbursements made to the students identified in the noncompliance summary section above.

Here is a summary of the funding received by Coral Ridge (See Appendix C for a complete listing of the funds by student):

	2011	2012	Total
Federal Pell Grant	\$ 205,325	\$ 91,958	\$ 297,283
Federal Direct Subsidized Loans	\$ 77,500	\$ 75,608	\$ 153,108
Federal Direct Unsubsidized Loans	\$ 130,559	\$ 128,892	\$ 259,451
Total	\$ 413,384	\$ 296,458	\$ 709,842

The total liability due back for Federal Pell Grants is \$297,283 plus the cost of funds of \$5,790 (See Appendix D) or \$303,073.

The total amount of Federal Direct Loans that Coral Ridge improperly disbursed during the 2011 and 2012 award years for all findings is \$412,559. In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan from the holder, the Department has asserted a liability not for the loan amount, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on the most recent sector cohort default rate available. The estimated actual loss that Coral Ridge must pay to the Department for the ineligible loans is \$12,648. A copy of the results of that calculation is included as Appendix E.

Finding 8: Missing Attendance Records

Citation Summary:

34 C.F. R. § 668.32 (a) (1), Student Assistance General Provisions, states that a student is eligible to receive Title IV, HEA program assistance if the student either meets all of the requirements in paragraphs (a) through (m) of this section or meets the requirement in paragraph (n) of this section as follows:

- Is a regular student enrolled, or accepted for enrollment, in an eligible program at an eligible institution.*

34 C.F.R. § 690.75, Federal Pell Grant Program, states that for each payment period, an institution may pay a Federal Pell Grant to an eligible student only after it determines that—

- The student qualifies as an eligible student under 34 C.R.F. Part 668, Subpart C;*
- Is enrolled in a credit hour without terms or a clock hour program, has completed the payment period as defined in § 668 for which he or she has been paid a Federal Pell Grant.*

34 C.F.R. § 685.200, Federal Direct Loan Program, states that a student is eligible to receive a Direct Subsidized Loan, a Direct Unsubsidized Loan, or a combination of these loans, if the student meets the following requirements:

- The student is enrolled, or accepted for enrollment, on a least a half-time basis;*
- The student meets the requirements for an eligible student under 34 C.F.R. Part 668.*

34 C.F.R. § 668.22, Student Assistance General Provisions, states that when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date in accordance with paragraph (e) of this section.

Noncompliance Summary:

Attendance records were missing for students 2, 3, 5, 6, 7, 9, 10, 11, 13, 17, 19, 21, 23, 24, 26, 27, 29, and 30.

Required Action Summary:

The institution had to submit the attendance records for the students listed above, including externships. In addition, Coral Ridge was required to submit attendance records for all students who received Title IV funds for the 2010-2011 and 2011-2012 award years.

Coral Ridge's Response:

As indicated in finding #1, Coral Ridge did not respond to the program review report.

Final Determination:

As indicated previously, Coral Ridge ceased providing educational instruction on or about May 1, 2013 and is no longer eligible to participate in the Title IV, HEA Programs. Therefore, Coral Ridge is required to repay all Title IV funds received during the 2010-2011 and 2011-2012 award years given it failed to perform the required file reviews. Included in the amounts below are the individual Title IV disbursements made to the students identified in the noncompliance summary section above.

Here is a summary of the funding received by Coral Ridge (See Appendix C for a complete listing of the funds by student):

	2011	2012	Total
Federal Pell Grant	\$ 205,325	\$ 91,958	\$ 297,283
Federal Direct Subsidized Loans	\$ 77,500	\$ 75,608	\$ 153,108
Federal Direct Unsubsidized Loans	\$ 130,559	\$ 128,892	\$ 259,451
Total	\$ 413,384	\$ 296,458	\$ 709,842

The total liability due back for Federal Pell Grants is \$297,283 plus the cost of funds of \$5,790 (See Appendix D) or \$303,073.

The total amount of Federal Direct Loans that Coral Ridge improperly disbursed during the 2011 and 2012 award years for all findings is \$412,559. In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan from the holder, the Department has asserted a liability not for the loan amount, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on the most recent sector cohort default rate available. The estimated actual loss that Coral Ridge must pay to the Department for the ineligible loans is \$12,648. A copy of the results of that calculation is included as Appendix E.

Finding 9: Discrepancies in Attendance Records

Citation Summary:

34 C.F. R. § 668.32 (a) (1), Student Assistance General Provisions, states that a student is eligible to receive Title IV, HEA program assistance if the student either meets all of the requirements in paragraphs (a) through (m) of this section or meets the requirement in paragraph (n) of this section as follows:

- *Is a regular student enrolled, or accepted for enrollment, in an eligible program at an eligible institution.*

Noncompliance Summary:

Students 9, 14, 25, and 28

The attendance records for students 9, 14, 15, 25 and 28 do not match the progress reports for these students.

Student 8 - For student 8, the attendance hours for the LPN program do not reflect the hours recorded on the institution's Eligibility and Certification Approval Report (ECAR) and in the catalog for the LPN program. The attendance records indicate 1689 hours for a 1350 program. The records indicate over 1350 for the classroom and 245 clinical hours. The LPN program is 597 classroom hours, 78 lab hours, and 675 clinical hours.

Student 9 - The attendance records for student 9 indicate the student attended 259 clinical hours and 1675 classroom hours. The LPN program is 597 classroom hours, 78 lab hours, and 675 clinical hours.

Student 12 - The student's attendance records indicate the student has 1522.50 hours. There are no clinical records. This does not match the hours in the LPN program.

Student 14 - The attendance records for student 14 indicate 1642.5 hours, but no clinical hours. This does not match the hours in the LPN program.

Student 15 - The attendance records for student 15 indicate 1741 classroom hours and 259 clinical hours. This does not match the hours in the LPN program.

Student 28 - The student's attendance records indicate 329 clinical hours during February and March 2011 and during October and November 2011. Also indicated are 1692 classroom hours from 5/16/2011 through 12/29/2011. There are no attendance records for classroom hours before May 2011. These hours do not match the LPN program.

Required Action Summary:

The institution had to resolve the discrepancies in the attendance records for students 8, 9, 14, 25, and 28, and submit copies of the correct attendance with the response to this report. Please refer to the required actions identified in the previous finding.

Coral Ridge's Response:

As indicated in finding #1, Coral Ridge did not respond to the program review report.

Final Determination:

As indicated in the previous finding, Coral Ridge did not provide file review information for missing attendance records nor did they respond to this finding on attendance discrepancies for students # 9, 14, 15, 25 and 28. However, liabilities for these students were included in finding #8, and this finding is closed.

Finding 10: No Record of Monitoring Satisfactory Academic Progress (SAP) – No measures for Qualitative and Quantitative SAP

Citation Summary:

34 C.F.R. § 668.16(e), Student Assistance General Provisions, states that in order for a school to be considered administratively capable, among other criteria, it must determine for purposes of student eligibility for assistance under Title IV, HEA program, establishes, publishes, and applies reasonable standards for measuring whether an otherwise eligible student is maintaining satisfactory academic progress in his or her educational program.

Noncompliance Summary:

There is no record of the school monitoring satisfactory academic progress for 22 of the 30 students in the sample. The students are numbers 1, 2, 4, 5, 7, 10, 11, 12, 13, 14, 17, 18, 19, 20, 21, 22, 23, 24, 27, 28, 29, and 30.

The student files contained no indication that the institution had transcripts, grades, or other measures to check the qualitative component of SAP. In addition, most of the attendance records were missing, so the reviewers were unable to determine if a quantitative measure was in place as well.

Required Action:

The institution had to establish and implement qualitative and quantitative procedures for checking satisfactory academic progress and documenting the determination for each student. A copy of the procedures should have been submitted with the response to this report.

In addition, Coral Ridge had to submit the progress reports for each of the 22 students listed above with the response to this report.

Due to the error rate of 73%, the institution had to conduct a file review of all students for the 2010-2011 and 2011-2012 award years to determine if the students were making satisfactory academic progress. For any students who are identified as not making satisfactory academic progress, the institution had to identify the students in an electronic spreadsheet for each award year and provide certain information.

In addition, progress reports were required for each student in the file review.

The institution had to engage an Independent Public Accountant (IPA) to test the review completed by the institution. The IPA had to develop a set of procedures designed for testing the accuracy and completeness of the accounting. The suggested procedures had to be provided to Brian Huckaby within 30 days of the institution's receipt of the Program Review Report and approved by Mr. Huckaby.

Coral Ridge's Response:

As indicated in finding #1, Coral Ridge did not respond to the program review report.

Final Determination:

As indicated previously, Coral Ridge ceased providing educational instruction on or about May 1, 2013 and is no longer eligible to participate in the Title IV, HEA Programs. Therefore, Coral Ridge is required to repay all Title IV funds received during the 2010-2011 and 2011-2012 award years given it failed to complete the required file reviews. Included in the amounts below are the individual Title IV disbursements made to the students identified in the noncompliance summary section above.

Here is a summary of the funding received by Coral Ridge (See Appendix C for a complete listing of the funds by student):

	2011	2012	Total
Federal Pell Grant	\$ 205,325	\$ 91,958	\$ 297,283
Federal Direct Subsidized Loans	\$ 77,500	\$ 75,608	\$ 153,108
Federal Direct Unsubsidized Loans	\$ 130,559	\$ 128,892	\$ 259,451
Total	\$ 413,384	\$ 296,458	\$ 709,842

The total liability due back for Federal Pell Grants is \$297,283 plus the cost of funds of \$5,790 (See Appendix D) or \$303,073.

The total amount of Federal Direct Loans that Coral Ridge improperly disbursed during the 2011 and 2012 award years for all findings is \$412,559. In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan from the holder, the Department has asserted a liability not for the loan amount, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on the most recent sector cohort default rate available. The estimated actual loss that Coral Ridge must pay to the Department for the ineligible loans is \$12,648. A copy of the results of that calculation is included as Appendix E.

Finding 11: Incomplete Verification

Citation Summary:

34 C.F.R. § 668.56, *Student Assistance General Provisions*, states that (a) except as provided in paragraphs (b), (c), (d), and (e) of this section, an institution shall require an applicant selected for verification under §668.54(a)(2) or (3) to submit acceptable documentation described in §668.57 that will verify or update the following information used to determine the applicant's EFC:

(1) *Adjusted gross income (AGI) for the base year if base year data was used in determining eligibility, or income earned from work, for a non-tax filer.*

(2) *U.S. income tax paid for the base year if base year data was used in determining eligibility.*

(3)(i) *For an applicant who is a dependent student, the aggregate number of family members in the household or households of the applicant's parents if—*

(A) *The applicant's parent is single, divorced, separated or widowed and the aggregate number of family members is greater than two; or*

(B) *The applicant's parents are married to each other and not separated and the aggregate number of family members is greater than three.*

(ii) *For an applicant who is an independent student, the number of family members in the household of the applicant if—*

(A) *The applicant is single, divorced, separated, or widowed and the number of family members is greater than one; or*

(B) The applicant is married and not separated and the number of family members is greater than two.

(4) The number of family members in the household who are enrolled as at least half-time students in postsecondary educational institutions if that number is greater than one.

34 C.F.R. § 668.57, Student Assistance General Provisions, states that (a) Adjusted Gross Income (AGI), income earned from work, and U.S. income tax paid. (1) Except as provided in paragraphs (a) (2), (a) (3), and (a) (4) of this section, an institution shall require an applicant selected for verification to verify AGI and U.S. income

Tax paid by submitting to it, if relevant—

(i) A copy of the income tax return of the applicant, his or her spouse, and his or her parents. The copy of the return must be signed by the filer of the return or by one of the filers of a joint return;

(ii) For a dependent student, a copy of each Internal Revenue Service (IRS) Form W-2 received by the parent whose income is being taken into account if—

(A) The parents filed a joint return; and

(B) The parents are divorced or separated or one of the parents has died; and

(iii) For an independent student, a copy of each IRS Form W-2 he or she received if the independent student—

(A) Filed a joint return; and

(B) Is a widow or widower, or is divorced or separated.

(2) If an individual who filed a U.S. tax return and who is required by paragraph (a) (1) of this section to provide a copy of his or her tax return does not have a copy of that return, the institution may require that individual to submit, in lieu of a copy of the tax return, a copy of an IRS form which lists tax account information.

Noncompliance Summary:

Verification is incomplete for students 3, 8, 9, 10, 14, 15, 17, 19, 21, 23, and 25 as follows:

Student 3

The student listed 'separated' on the ISIR, but listed a spouse in the household size. The household size and number in college is 4 and 1 on the ISIR, but 5 and 1 on the verification worksheet. The spouse signed the worksheet.

The student received \$5550 in Federal Pell Grant funds, \$3500 in subsidized Direct Loan funds, and \$6000 in unsubsidized Direct Loan funds.

Student 8

It is indicated on the verification worksheet that the student has a husband, but the student is listed as single on the ISIR. If the student is married, she filed head of household rather than married.

In addition, there are two verification worksheets in the file, one with 3 in the household and one with 6 in the household.

Also, the adjusted gross income on the tax form does not match the adjusted gross income on the ISIR.

The student received \$5500 in Federal Pell Grant funds, \$3500 in subsidized Direct Loan funds, and \$6000 in unsubsidized Direct Loan funds.

Student 9

A husband is listed on the verification worksheet, but the student is divorced/widowed on the ISIR.

In addition, the adjusted gross income of \$25,828 on the tax form is listed as wages of \$11,906 on the ISIR. The student's unemployment is not listed.

The student received \$5500 in Federal Pell Grant funds, \$3500 in subsidized Direct Loan funds, and \$6000 in unsubsidized Direct Loan funds.

Student 10

The ISIR lists 5 in the household with 1 in college, but the verification worksheet states 3 in the household with 1 in college.

The student received \$5500 in Federal Pell Grant funds.

Student 17

The student's 2010-2011 ISIR has 5 in the household with one in college, but the verification worksheet has 3 in the household with 1 in college.

Also, the promissory note in the file dated 2/3/2011 says the student is married and the husband has the same address as the student. The verification form says single/separated and there is no husband listed on the form. The student filed head of household.

The student received \$5500 in Federal Pell Grant funds, \$3500 in subsidized Direct Loan funds, and \$6000 in unsubsidized Direct Loan funds.

Student 19

There were two verification worksheets in the file for this student, one of which is incomplete. However, there is no ISIR in the file.

The student received \$2775 in Federal Pell Grant funds.

Student 21

The student listed \$400 child support received on the student's verification worksheet, but the \$400 is not listed on the ISIR.

The student received \$2775 in Federal Pell Grant funds.

Student 25

The ISIR indicates an adjusted gross income of \$35,444. However, the verification worksheet states that the student is a non-filer with \$2100 income.

The student received \$5550 in Federal Pell Grant funds, \$2250 in subsidized Direct Loan funds, and \$6000 in unsubsidized Direct Loan funds.

Required Action Summary:

The institution had to resolve the conflicting information and complete verification for students 3, 8, 9, 10, 17, 19, 21 and 25. Copies of the corrected verification documents were required to be submitted.

Due to the error rate of 26%, the institution had to conduct a file review of all 2010-2011 and 2011-2012 students selected for verification and determine if verification is complete

and no conflicting documentation exists. The institution must submit an electronic spreadsheet for each award year indicating the students in the file review and whether or not they are complete with certain information. Coral Ridge also had to provide the documentation for the sampled students listed above to demonstrate verification was completed properly.

Coral Ridge also had to submit a copy of its policies and procedures on verification that include the steps/processes the institution will perform to ensure verification is completed properly.

Coral Ridge's Response:

As indicated in finding #1, Coral Ridge did not respond to the program review report.

Final Determination:

Coral Ridge is required to repay 30% of the Title IV funds received during the 2010-2011 and 2011-2012 award years given it failed to perform the file reviews.

Here is a summary of the funding received by Coral Ridge (See Appendix C for a complete listing of the funds by student):

	2011	2012	Total
Federal Pell Grant	\$ 205,325	\$ 91,958	\$ 297,283
Federal Direct Subsidized Loans	\$ 77,500	\$ 75,608	\$ 153,108
Federal Direct Unsubsidized Loans	\$ 130,559	\$ 128,892	\$ 259,451
Total	\$ 413,384	\$ 296,458	\$ 709,842

The total liability due back for Federal Pell Grants is \$297,283 plus the cost of funds of \$5,790 (See Appendix D) or \$303,073 times 30%² = \$90,922.

The total amount of Federal Direct Loans that Coral Ridge improperly disbursed during the 2011 and 2012 award years for all findings is \$412,559. In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan from the holder, the Department has asserted a liability not for the loan amount, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on the most recent sector cohort default rate available. The estimated actual loss that Coral Ridge must pay to the

² Given an institution is not required to verify more than 30%, the liability is limited to 30% of the total amount of Title IV funds received.

Department for the ineligible loans is \$3,794 (\$12,648 times 30%). A copy of the results of that calculation is included as Appendix E.

Finding 12: Conflicting Documentation

Citation Summary:

34 C.F.R. § 668.16(f), Student Assistance General Provisions, states that, in order to be considered administratively capable, an institution must develop and apply an adequate system to identify and resolve discrepancies in the information that the institution receives from different sources with respect to a student's application for financial aid under the Title IV, HEA programs.

Noncompliance Summary:

There are discrepancies in the files of students 6, 14, 15, 23, and 27 as follows:

Student 6

The household size and number in college is 4 in the household and 3 in college on the verification worksheet. However, the ISIR indicates 3 in the household and 2 in college. The student was not selected for verification, but there was a verification form in the file anyway.

The student received \$1700 in Federal Pell Grant funds.

Student 14

Student 14 indicates on his personnel form that he has a high school diploma, but indicates "none of the above" on the high school/GED question on the ISIR.

The student received \$5500 in Federal Pell Grant funds, \$3500 in subsidized Direct Loan funds, and \$6000 in unsubsidized Direct Loan funds.

Student 15

The verification worksheet indicates 3 in the household with 1 in college. However, the ISIR indicates 5 in the household with 1 in college. The student received 1742 in subsidized Direct Loan funds and \$2986 in unsubsidized Direct Loan funds.

Student 23

The adjusted gross income on the ISIR is zero, but the adjusted gross income on the tax form is \$17,685. The student received \$2775 in Federal Pell Grant funds.

Student 27

The student received no aid for 2011-2011. However, the student's 2010-2011 ISIR indicates the student is a non-filer. However, there is a tax form in the file with an adjusted gross income of \$4,927.

The student received \$5500 in Federal Pell Grant funds, \$3500 in subsidized Direct Loan funds, and \$6000 in unsubsidized Direct Loan funds.

Required Action Summary:

The institution had to resolve the conflicting information for students 6, 14, 15, 23, and 27. Copies of the corrected documents had to be submitted with the response to this report. Due to the error rate of 16%, the institution also had to conduct a file review of all 2010-2011 and 2011-2012 students to determine if there is conflicting documentation in the files. The institution had to submit a spreadsheet for each award year indicating the students in the file review and whether or not any discrepancies are resolved along with certain information. Coral Ridge also had to provide the documentation for the students listed above to demonstrate the conflict was resolved properly.

Coral Ridge had to submit a copy of its policies and procedures on verification that include the steps/processes the institution will perform to ensure conflicting information is properly resolved.

The institution was required to engage an Independent Public Accountant (IPA) to test the review completed by the institution. The IPA had to develop a set of procedures designed for testing the accuracy and completeness of the accounting. The suggested procedures were to be provided to Brian Huckaby within 30 days of the institution's receipt of the Program Review Report and approved by Mr. Huckaby.

Coral Ridge's Response:

As indicated in finding #1, Coral Ridge did not respond to the program review report.

Final Determination:

Coral Ridge is required to repay all Title IV funds received during the 2010-2011 and 2011-2012 award years given it failed to perform the file reviews. Included in the amounts below are the individual Title IV disbursements made to the students identified in the noncompliance summary section above.

Here is a summary of the funding received by Coral Ridge (See Appendix C for a complete listing of the funds by student):

	2011	2012	Total
Federal Pell Grant	\$ 205,325	\$ 91,958	\$ 297,283
Federal Direct Subsidized Loans	\$ 77,500	\$ 75,608	\$ 153,108
Federal Direct Unsubsidized Loans	\$ 130,559	\$ 128,892	\$ 259,451
Total	\$ 413,384	\$ 296,458	\$ 709,842

The total liability due back for Federal Pell Grants is \$297,283 plus the cost of funds of \$5,790 (See Appendix D) or \$303,073.

The total amount of Federal Direct Loans that Coral Ridge improperly disbursed during the 2011 and 2012 award years for all findings is \$412,559. In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan from the holder, the Department has asserted a liability not for the loan amount, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on the most recent sector cohort default rate available. The estimated actual loss that Coral Ridge must pay to the Department for the ineligible loans is \$12,648. A copy of the results of that calculation is included as Appendix E.

Finding 23: Professional Judgment Not Documented

Citation Summary:

Section 480(d)(8) Higher Education Act of 1995; 2008-2009 Federal Student Aid Handbook, page AVG-24, states the Higher Education Act allows a financial aid administrator (FAA) to make dependency overrides on a case- by-case basis for students with unusual circumstances. If the FAA determines that an override is appropriate, she must write a statement detailing the determination and must include the statement and supporting documentation in the student's file. However, none of the conditions listed

below, singly or in combination, qualify as unusual circumstances meriting a dependency override:

- *Parents refuse to contribute to the student's education;*
- *Parents are unwilling to provide information on the FAFSA or for verification;*

Noncompliance Summary:

Student 12's income was lowered from \$58,731 to \$25,523 resulting in a change to estimated family contribution (EFC) of 6151 to an EFC of zero. No documentation was found in the file to support this professional judgment.

The student received \$5550 in Federal Pell Grant funds, \$3500 in subsidized Direct Loan funds, and \$5970 in unsubsidized loan funds for the 2010-2011 award year. The student also received \$2675 for the 2011-2012 award year.

Required Action Summary:

The institution had to submit documentation to support the professional judgment for student 12.

Coral Ridge's Response:

As indicated in finding #1, Coral Ridge did not respond to the program review report.

Final Determination:

Given the absence of required documentation, Coral Ridge is responsible for repaying \$5550 in Federal Pell Grants, \$3500 in Direct Subsidized Loan funds and \$5970 in Federal Unsubsidized Loan funds for the 2010-2011 award year. Coral Ridge is also responsible for \$2,675 in Federal Pell Grants disbursed for the 2011-2012 award year.

Finding 27: Inaccurate Record Keeping

Citation Summary:

34 C.F.R. § 668.24(d), Student Assistance General Provisions, states an institution shall maintain required records in a systematically organized manner.

Noncompliance Summary:

Student 17

There are conflicting start dates in the file of student 17. The date on the ledger is 6/30/2010, but the date on the "Start Form" is 7/12/2010. In addition, the loan period differs on the start form and the National Student Loan Database System (NSLDS).

Student 18

The start dates differ for student 18. One date is 12/15/2011 and the other is 1/2/2012.

Student 22

For student 22, the start dates on the student's "audit listing" does not match the attendance records. One has 1/23/2012 and the other has 1/3/12, respectively.

Student 28

For student 28, the start date on the "audit listing" and the start date on the student's file do not match. They are 7/7/2010 and 8/24/2010, respectively.

Student 30

The start dates differ for student 30. One is 1/2/2012 and one is 12/15/2011.

Required Action Summary:

The institution had to submit the attendance records for students 17, 18, 22, 28, and 30 and note the correct start dates in response to this finding.

Coral Ridge's Response:

As indicated in finding #1, Coral Ridge did not respond to the program review report.

Final Determination:

As indicated previously, Coral Ridge did not respond to Finding #8 which established liabilities for all Title IV funds received during the 2010-2011 and 2011-2012 award years because the institution did not provide attendance records. Those liabilities include the students involved in this finding as well.

Finding 29: Ineligible Loan Disbursements

Citation Summary:

34 C.F.R. § 668.32, Student Assistance General Provisions, states, among other criteria, a student is eligible to receive Title IV, HEA program assistance if the student is a regular student enrolled, or accepted for enrollment, in an eligible program at a eligible institution.

Noncompliance Summary:

A \$3500 subsidized Direct Loan and a \$6000 unsubsidized Direct Loan were disbursed for student 4 after the student's withdrawal on 10/20/2010. The student has a note in the file that the loans were not wanted.

Required Action Summary:

The loan funds for \$3500 and \$6000 had to be returned to the Department.

Coral Ridge's Response:

As indicated in finding #1, Coral Ridge did not respond to the program review report.

Final Determination:

Coral Ridge is responsible for returning \$3500 and \$6000 in Federal Direct Loan funds to the Department.

D. Summary of Liabilities

The total amount calculated as liabilities from the findings in the program review determination is as follows. The liability amount in the first chart below reflects duplicated liabilities because some students appear in more than one finding. This information is provided so that the institution understands the liabilities associated with each finding. Duplicate liabilities have been removed in the second chart. The payment instructions in Section E have been adjusted to reflect the unduplicated liabilities.

Actual Liabilities By Finding – Including Duplicate Liabilities

Finding	Pell	Cost of Funds	Direct Loans	EAL
Finding #3	\$ 297,283	\$ 5,790	\$ 412,559	\$ 12,648
Finding #5	\$ 297,283	\$ 5,790	\$ 412,559	\$ 12,648
Finding #8	\$ 297,283	\$ 5,790	\$ 412,559	\$ 12,648
Finding #10	\$ 297,283	\$ 5,790	\$ 412,559	\$ 12,648
Finding #11	\$ 89,185	\$ 1,737	\$ 123,768	\$ 3,794
Finding #12	\$ 297,283	\$ 5,790	\$ 412,559	\$ 12,648
Finding #13	\$ 297,283	\$ 5,790	\$ 412,559	\$ 12,648
Finding #23	\$ 8,225	\$ 186	\$ 9,470	\$ -
Finding #29	\$ -	\$ -	\$ 9,500	\$ -

Established Liabilities – Duplicate Liabilities Removed

Finding	Pell	Cost of Funds	Direct Loans	EAL
Finding #3	\$ 297,283	\$ 5,790		\$ 12,648

Estimated Actual Loss (EAL):

In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan from the holder, the Department has asserted a liability not for the loan amount, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on the most recent sector default rate available for institutions such as Coral Ridge.

The total amount of Direct Loan that Coral Ridge improperly disbursed during the 2010-2011 and 2011-2012 award years is \$412,559. The estimated actual loss that Coral Ridge must pay to the Department for the ineligible loans is \$12,648. A copy of the results of that calculation is included as Appendix E.

E. Payment Instructions

Liabilities Owed to the Department

Coral Ridge owes to the Department **\$315,721**. This liability must be paid using an electronic transfer of funds through the Treasury Financial Communications System, which is known as FEDWIRE. Coral Ridge must make this transfer within **45 days of the date of this letter**. This repayment through FEDWIRE is made via the Federal Reserve Bank in New York. If Coral Ridge's bank does not maintain an account at the Federal Reserve Bank, it must use the services of a correspondent bank when making the payments through FEDWIRE.

Any liability of \$100,000 or more identified through a program review must be repaid to the Department via FEDWIRE. The Department is unable to accept any other method of payment in satisfaction of these liabilities.

Payment and/or adjustments made via G5 will not be accepted as payment of this liability. Instead, the school must first make any required adjustments in COD as required by the applicable finding(s) and Section II – Instructions by Title IV, HEA Program (below), remit payment, and upon receipt of payment the Department will apply the funds to the appropriate G5 award (if applicable).

Instructions for completing the electronic fund transfer message format are included on the attached FEDWIRE form.

Terms of Payment

As a result of this final determination, the Department has created a receivable for this liability and payment must be received by the Department within **45 days of the date of this letter**. If payment is not received within the 45-day period, interest will accrue in monthly increments from the date of this determination, on the amounts owed to the Department, at the current value of funds rate in effect as established by the Treasury Department, until the date of receipt of the payment. Coral Ridge is also responsible for repaying any interest that accrues. If you have any questions regarding interest accruals or payment credits, contact the Department's Accounts Receivable Group at (202) 245-8080 and ask to speak to Coral Ridge's account representative.

If full payment cannot be made within **45** days of the date of this letter, contact the Department's Accounts Receivable Group to apply for a payment plan. Interest charges and other conditions apply. Written request may be sent to:

U.S. Department of Education
OCFO Financial Management Operations
Accounts Receivable Group
550 12th Street, S.W., Room 6114
Washington, DC 20202-4461

If within 45 days of the date of this letter, Coral Ridge has neither made payment in accordance with these instructions nor entered into an arrangement to repay the liability under terms satisfactory to the Department, the Department intends to collect the amount due and payable by administrative offset against payments due Coral Ridge from the Federal Government. Coral Ridge **may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, Coral Ridge must **timely appeal** this determination under the procedures described in the "Appeal Procedures" section of the cover letter. The Department will use those procedures to consider any objection to offset. **No separate appeal opportunity will be provided.** If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.

Direct Loan Estimated Actual Loss

DL Estimated Actual Loss	
Amount	Award Year
\$8,941	2010-2011
\$3,707	2011-2012
Total \$12,648	

Coral Ridge must pay the amount reflected above in Direct Loan estimated loss liabilities for the award year(s) reflected above. The liabilities will be applied to the general Direct Loan fund. This amount is also reflected in the total amount owed to the Department in Section 1 above.

F. Appendices

Appendix A, Student Sample, and Appendix F contain personally identifiable information. Appendices A-F are attached to this report.

Appendix D

Coral Ridge Training School

Cost of Funds

Name of Institution:

[illegible]

Appendix E

Coral Ridge Training School Estimated Loss Calculations

Institution Name
OPE ID

Appendix [] - Estimated Loss Formula

Estimated Loss Formula

8/29/2012

Enter Institution Name

Coral Ridge

Select Institution Type

Proprietary 2 Yrs or Less

Select Type of Loan		Select Award Year	Enter Ineligible Loan Amount		Enter School CDR		Total Subsidy Costs		Estimated Loss Liability	
1	DL Subsidized	2010-2011	\$	77,500.00	12.90%		11.54%	\$	8,941.18	
2	DL Unsubsidized	2010-2011	\$	130,559.00	12.90%		-11.59%	\$	-	
3	DL Subsidized	2011-2012	\$	75,608.00	12.90%		4.90%	\$	3,706.57	
Description			\$	283,667.00				\$	12,647.75	
4	DL Unsubsidized	2011-2012	\$	128,892.00	12.90%		-19.06%	\$	-	
5					12.90%					
6			\$	128,892.00	12.90%			\$	-	
Description										
7										
8										
9			\$	-				\$	-	
Description										
10										
11										
12			\$	-				\$	-	
Description										
Original Ineligible Loan Liability			\$	412,559.00	Total Estimated Loss			\$	12,647.75	

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Appendix [] - Estimated Loss Formula

To calculate estimated loss for a given ineligible loan amount, that amount is multiplied by the total subsidy rates calculated for the ineligible loans. Consolidation Loans will be obtained in the future to prepay some of the ineligible loans; the amount of Consolidation Loans divided by the ineligible Stafford/PLUS loans equals the "Consolidation prepayment rate" (H) for those loans.

The Department's Budget Office calculates, on an annual basis, the rate per dollar of loan of default subsidies (DSRs) and all other subsidies (OSRs) (D & F) for Stafford and PLUS Loans, by cohort year, program, loan type, and risk group (note that 2008-2010 FFEL loan costs are calculated only by cohort year).

	A	B	C	D	E	F	G	H	I	J
	School	Sector	Ratio **	DSR ***	Adjusted DSR	OSR ***	Avg Cons Year	Cons Prepay %	Cons DSR ***	Cons OS ***
1	12.90%	14.49%	0.89	6.28%	5.59%	5.00%	2018	21.1%	3.19%	1.30%
2	12.90%	14.49%	0.89	8.76%	7.80%	-19.94%	2018	23.0%	3.39%	-1.02%
3	12.90%	14.49%	0.89	6.50%	5.79%	-2.17%	2019	21.1%	3.19%	2.89%

4	12.90%	14.49%	0.89	9.11%	8.11%	28.46%	2019	23.7%	3.26%	2.17%
5	12.90%									
6	12.90%									

7										
8										
9										

10										
11										
12										

Federal Student Aid (FSA) calculates the cohort default rates (CDRs) of the institution (A), and the average CDR for the sector for that institution (B). FSA applies the CDR comparison ratio (C), [A/B = C] against the Budget

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Appendix [] - Estimated Loss Formula

Office's cohort loan DSR (D) to determine the default subsidy rate for the institution (E). The Budget Office estimates the default subsidy rate and other subsidy rate for the Consolidation Loans that will prepay some of these Stafford and PLUS Loans (I & J).

The total subsidy rate for the ineligible Stafford and PLUS Loans is $((E+F) + ((I+J) \times H))$.

The total subsidy cost for these loans is the ineligible loan amount multiplied by the total subsidy rate.